2002 ANNUAL REPORT

NOVICOURT

NOVICOURT AT A GLANCE

Novicourt Inc. is the owner of a 45% undivided interest in the Louvicourt Mine through its participation in the Novicourt Inc. / Aur Resources Inc. / Teck Cominco Limited Joint Venture. Novicourt is a copper-based mining company that receives its revenues principally from the sale of copper as well as zinc concentrates produced by the Louvicourt Mine. Novicourt also participates with Virginia Gold Mines Inc. in an extensive exploration program which is using new MegaTEM II technology to explore ten selected areas in northern Quebec. Novicourt holds a majority interest and the program is operated by Noranda Inc.

Noranda Inc., Novicourt's major shareholder, owns approximately 62.1% of Novicourt Inc.'s common shares.

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2002 HIGHLIGHTS

> Positive earnings of $2.5 million in spite of low metal prices and difficult mining conditions

> Two semi-annual dividends of $0.10 per share

> Cash and short term deposits increased by $2.2 million to $51.0 million by year-end

> Excellent metallurgical performance at the concentrator

> Four additional areas surveyed by MegTEM technology, more target properties acquired

> Ground follow-up and drilling underway

$ in thousands		**2002**		2001
Revenue from sale of concentrates	**$**	**67,273**	$	72,357
Net earnings	**$**	**2,529**	$	3,905
Cash flow from operations	**$**	**11,032**	$	17,911
Cash flow from operations before changes in operating working capital	**$**	**12,113**	$	14,491
Earnings per share	**$**	**0.06**	$	0.10
Dividends per share	**$**	**0.20**	$	0.30

Forward Statement

Some statements contained in this report are made to describe the Company's intentions, expectations or predictions. The Company cautions that these statements involve risk and uncertainty and that actual results could differ materially from those expressed or implied in such statements.

REPORT TO SHAREHOLDERS

I am pleased to report that Novicourt Inc. recorded positive financial results in 2002 in spite of difficult ground conditions in the Louvicourt Mine and low metal prices throughout the year. Net revenues in 2002 totaled $44.4 million, a decrease of $1.9 million from the previous year. Earnings of $2.5 million or $0.06 per share in 2002 compared to earnings of $3.9 million or $0.10 per share in 2001. Cash flow from operations before changes in operating working capital amounted to $12.1 million, down from $14.5 million the previous year. After payment of $0.9 million for the acquisition of Noranda Inc.'s interest in the exploration alliance with Virginia Gold Mines Inc. and payment of $8.0 million for semi-annual dividends of $0.10 per share in each of June and November, cash on hand increased to $51.0 million at December 31, 2002 from $48.8 million at the end of 2001.

Following the depressed North American economic performance in 2001 and the tragic events of September 11th, we said in last year's report, *"There is no firm consensus on the probable timing or strength of an eventual recovery but the most common expectation is for a modest pick-up in the second half of 2002."* Unfortunately, 2002 turned out to be a very disappointing one for metal producers. Hopes for a recovery faded when investor confidence waned and the U.S. economy stalled. After bottoming at a 14-year low of US$0.60 per pound in November 2001, the LME price for copper, our most important product, rose slowly in 2002, reaching $0.74 by June before falling back to $0.65 in the third quarter and ending the year at US$0.70 per pound. The average for the year was US$0.71 per pound, just below the 2001 average of US$0.72. The price of zinc dropped more significantly. Severely depressed by oversupply and weak demand, zinc prices averaged only US$0.35 per pound in 2002, down significantly from $0.40 in 2001 and $0.51 in 2000. Gold was the only bright spot as it returned to its former status as a safe haven in the face of worsening tensions in the middle east. However, its financial contribution to Novicourt is very limited.

Last year we reported on the very satisfactory operating performance of the management and employees at the Louvicourt Mine. This continued in 2002 with daily ore production of 4,069 tonnes per day and a total for the year of 1,485,000 tonnes, just below the budget of 1,496,000 tonnes. This was achieved in spite of a cave-in of 100,000 tonnes of ore and backfill which occurred in January, disrupting production schedules and requiring an increase in ground support time and cost. Although ore grades were adversely affected by this re-scheduling, direct operating costs were successfully maintained below budget at $39.99 per tonne milled (direct operating costs include all cash production costs except special projects). Cash operating cost per pound of copper, net of by-product credits was US$0.47, the same as the previous year (cash operating costs include all cash production, selling and exploration costs of the Louvicourt Mine).

At the beginning of the year 2002, proven and probable reserves totaled 4.1 million tonnes. After mining 1.5 million tonnes in 2002, the remaining

> > > > > > **"ANOTHER STRONG PERFORMANCE AT THE LOUVICOURT MINE AND CONCENTRAT**

reserves amounted to 2.6 million tonnes at year-end. Based on those reserves, the Louvicourt mine will reach the end of production in just over two years. Current mine planning is based on producing a total of 1.2 million tonnes in 2003, followed by 1.1 million tonnes in 2004. The remainder of the reserves will be extracted in the first six months of 2005. (Louvicourt's mineral reserves are detailed on page 6.)

The Louvicourt mine has been a very successful, profitable and well-run mine which started production in 1994. Since that time, the Louvicourt and Louvaur Joint Venture partners have persistently carried out exploration programs, both from surface and underground. In this process, all reasonable theories and possibilities have been investigated but, unfortunately, without success to date. In 2002, Louvicourt participated in Aur Resources' airborne exploration program in the Val d'Or region of Quebec. A complete review by experts from the University of Toronto was also conducted on the data generated from the deep 3D seismic survey conducted in 2001. Although a strong anomaly was indicated below the existing deposit at a depth of 1,600 metres, no economic mineralization has been uncovered to date. However, this anomaly still remains unexplained and possible further investigation may be considered.

Given the lack of success to date at increasing the reserves at Louvicourt, Novicourt took the opportunity last year to acquire Noranda's 55% position in its strategic alliance with Virginia Gold Mines Inc. In addition to the initial six survey areas in northern Quebec, Novicourt and Virginia Gold Mines have since added four more surveys in which the interests are 51% and 49% respectively. Noranda's knowledge and expertise is proving invaluable in interpreting the survey results and selecting targets for further exploration on the ground. Excluding the acquisition cost, Novicourt's total expenditure on this program in 2002 was $1.6 million net of tax credits. Given Novicourt's taxable position and Quebec's favourable tax regime, this exploration is very cost-effective.

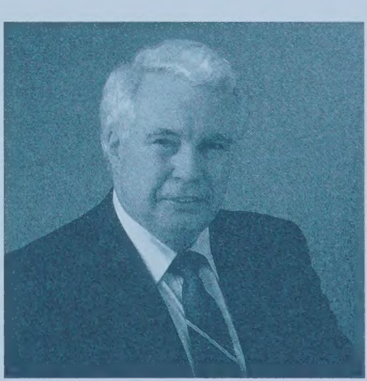
On behalf of the Board of Directors, I would like to express our gratitude and thanks to the employees and managers of the Louvicourt mine for their dedication, commitment and safe work.

In closing, I am pleased to report that the Board of Directors has re-confirmed the Company's policy regarding the payment of two semi-annual dividends of $0.10 per share in 2003. Consistent with that policy the Board of Directors has deferred a decision on a possible special dividend pending results of the exploration programs.

On behalf of the Board

John C. White,
President

February 25, 2003



THE JOINT VENTURES

Novicourt's principal assets are an undivided 45% interest in each of the Louvicourt and Louvaur Joint Venture properties located in Louvicourt Township, east of Val d'Or, Quebec. These properties comprise 169 mining claims and four mining leases on a total of 8,288 acres. The Louvicourt property, which covers 845 acres, is completely surrounded by the Louvaur Joint Venture property. The latter is subdivided for exploration convenience into Louvex to the south and Bonnefond to the north. Aur Resources owns 30% of Louvicourt and 55% of Louvaur. Teck Cominco Limited owns the remaining 25% of Louvicourt. Each of the Joint Ventures is operated by Aur Resources under the direction of a Management Committee comprised of two representatives nominated by each partner. Novicourt is represented on each of these committees by nominees appointed by Noranda Inc. ("Noranda") under a management agreement between the two companies. Under that management agreement, Noranda provides management services to Novicourt in connection with each joint venture for as long as it owns at least 20% of the outstanding common shares of Novicourt. There are no full-time employees of the Company. Noranda provides services for administrative, accounting and other corporate functions to Novicourt under an administration agreement between the companies.

Effective January 1, 2002, Novicourt concluded an agreement with Noranda to acquire Noranda's 55% interest in its strategic alliance with Virginia Gold Mines Inc. which utilized MegaTEM II electromagnetic airborne technology to conduct surveys over six selected areas in northern Quebec. MegaTEM II technology was developed by Noranda and Fugro Airborne Surveys. Noranda is the operator of the program and provides recommendations on target properties for land acquisition and follow-up exploration on the ground. Subsequent to acquiring this interest, Novicourt agreed with Virginia Gold Mines Inc. to conduct MegaTEM II surveys over four more prospective areas. In these four areas Novicourt's interest is 51% and Virginia's 49%. Noranda has retained the right to purchase concentrates from any production from these ten areas at commercial terms and also has the right to buy 35% of Novicourt's interest in any discovery with an indicated resource of 10 million tonnes or more. More details of the actual exploration program and results are given in the following section.

LOUVICOURT MINE (100% BASIS)

Operating Summary

In 2002, a total of 1,485,052 tonnes of ore grading 3.13% copper and 1.61% zinc was mined and milled at the average rate of 4,069 tonnes per day, compared to 1,570,820 tonnes of ore grading 3.40% copper and 1.38% zinc at a rate of 4,304 tonnes per day in 2001. The direct operating cost per tonne milled increased from $38.60 in 2001 to $39.99 in 2002. The principal reason for the lower tonnage and higher unit costs was the increasingly difficult mining conditions being encountered as the mine approaches the end of its life. As an example, in January a 100,000 tonne block of mostly ore with some backfill and waste rock caved in an active stoping area. Although no serious injury or equipment damage occurred, it required changes to the mining schedule. This delayed the production of some higher grade ore and required rehabilitation of the damage to the surrounding underground openings. It also reduced the amount of ore prepared for mining. Another factor which has adversely affected production and costs is the planned reduction of the size of some stopes in order to minimize the space left open between the phases of ore extraction and backfilling and the length of time that space is left open. Smaller stopes are less prone to ground movement but are less productive and more costly to develop. Additionally, the advancing maturity of the mine means that the proportion of ore available from the easier-to-mine primary stopes is decreasing while the amount of ore to be mined from the more difficult secondary stopes and sill pillars is increasing.

Notwithstanding the above-mentioned operating challenges, good progress has been made in adapting methods and procedures to continue safe and efficient development and extraction of the remaining reserves. Overall stope dilution in 2002 was calculated at 13.1% based on 10.9% in primary stopes and 14.8% in secondary stopes. The average ore recovery was 96.5% compared to 97.3% in 2001.

Louvicourt's rock mechanics group continues to play an important role in the underground mine. In addition to optimizing the production schedule and carefully monitoring ground movement and changes in stress, they have devised methods for safely carrying out development for the sill pillar stopes in backfill and consolidated waste, mainly with the aid of extensive shotcreting. Unit cost per metre of advance has varied from $2,000 up to $5,000. However, as the ore-body becomes

progressively mined out, the amount of development required will be significantly reduced and the total cost of development will actually decrease. Development required in 2003 will be only 880 metres compared to 2,181 metres in 2002.

During 2002, encouraging results were obtained with the mining of the first five stopes in the sill pillar. Ore recovery averaged over 79% compared to estimates of 62%. It will be important to continue this success because the proportion of ore from the sill pillars will increase from 8% in 2002 to 18% in 2003, 27% in 2004 and about 36% thereafter.

Operating performance in the concentrator continued satisfactorily in 2002. The average milling rate per calendar day was 4,069 tonnes, down from 4,304 tonnes in 2001 because of the restricted mine production. The grade of this ore was 3.13% copper, 1.61% zinc, 0.83 grams of gold and 24.0 grams of silver per tonne. This compares to grades of 3.40% copper, 1.38% zinc, 0.91 grams of gold and 25.2 grams of silver in 2001. Metallurgical performance was again outstanding. Although the copper head grade was 8% lower than the previous year, the recovery of 96.8% was almost the same. In the case of gold, a 9% drop in grade from 0.91 to 0.83 grams per tonne resulted in a decrease of 2% in recovery from 72.2% to 70.5%. With a higher zinc head grade, zinc recovery increased from 82.3% to 83.8%. The table on page 6 summarizes Louvicourt's total production and Novicourt's 45% share of payable metals produced in concentrates.

With decreasing mine production, the number of permanent employees was reduced through attrition during 2002 from 266 at January 1 to 243 at December 31. The number of temporary and contract employees was increased from 45 to 47 to provide an appropriate mix of skills for the planned production level. The overall productivity increased slightly to 21.9 tonnes per man-shift from 21.7 in 2001. In January and June 2003, further planned reductions of the permanent work force will take place.

Louvicourt's high standards of safety were maintained in 2002 with a total of six lost-time accidents.

Environment

The Louvicourt Mine was in compliance with all environmental requirements in 2002. The annual review of the tailings area by consultants was satisfactory. Sampling of the Columbiere River and other waterways entering or leaving the mine site was carried out. Tests of the final effluent from the site showed no signs of toxicity. Further progress was made on rehabilitation of the former Louvem site. The Louvicourt Restoration Plan was submitted to the Quebec Ministry of Natural Resources.

EXPLORATION

Louvicourt and Louvaur Joint Venture (100%)

When the results of the March 2001 3D seismic survey were received and analyzed, seven possible anomalies were identified. Of these, only one was selected as a high priority for follow-up by diamond drilling. Between November 2001 and March 2002, a 1,600 metre hole was drilled to explore this anomaly at a depth of 1,200 metres. The cost to Louvicourt was $0.2 million less a Quebec grant of $0.1 million. No significant mineralization was detected. All of the seismic results were then submitted to the University of Toronto for further detailed analysis which indicated five possible new anomalies, one of which was deemed quite promising. Situated directly under and slightly west of the Louvicourt deposit at a depth of 1,600 metres, this anomaly appeared large and strong. A 2-hole program costing $0.3 million was authorized to test this area. Drilling was completed in January 2003 but unfortunately, no mineralization was found. Because the anomaly still remains unexplained, alternative exploration methods are now under consideration. Novicourt's share of exploration on the Louvicourt and Louvaur Joint Venture properties amounted to $0.3 million, in 2002, compared to $1.1 million in 2001.

Strategic Alliance with Virginia Gold Mines Inc.

As previously mentioned, Novicourt acquired Noranda's 55% interest in the strategic alliance with Virginia Gold Mines Inc., effective January 1, 2002. In 2001, airborne MegaTEM II surveys were conducted over a total of six significant areas in northern Quebec. In 2002, over 200 properties were acquired covering more than 250 anomalies identified on these six areas. Follow-up work on the ground, consisting of geophysical surveys, prospecting and diamond drilling, is underway. In the meantime, four more areas were covered by new MegaTEM II surveys at an additional total cost of $2 million. Novicourt's interest in these new areas will be 51% and Virginia 49%. Noranda continues as operator. Analysis and interpretation of the results from these four surveys and the identification of anomalies and target properties is now in progress.

Notes on Reserves
The Louvicourt Reserves estimate has been prepared and classified by Aur Resources Inc. as operator of the Louvicourt Joint Venture, in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects by the Canadian Securities Administrators. The Qualified Persons responsible for supervision of the reserves estimate are Denis Fleury, P.Eng., Chief Engineer, Louvicourt Mine and Bernard Salmon, P.Eng., Chief Geologist, Louvicourt Mine.

The proven and probable reserves represent those parts of the measured and indicated resources that are economically viable after allowing for waste rock dilution, for extraction losses and for historic mine-mill grade adjustment factors. The dilution estimate averages 12.7% based on assigning 10% to primary stopes and 13% to secondary stopes except for the 680L sill pillar where 10% and 20% have been assigned respectively.

A mining recovery of 95% has been applied to all stopes except those within the sill pillars where, based on studies revised in 2002, recoveries averaging 56% were applied to the 680L pillar stopes and 69% to the 885L pillar stopes. The mine-mill grade factors, which are based on a reconciliation of the block model grades to actual grades through the mill, were applied to the pre-factored reserve grades as follows: Cu: 1.023, Zn: 1.003, Ag: 1.036 and Au: 1.066. The reserve calculations incorporate the following metal prices, exchange rates and net smelter return (NSR) cut-off grades: copper price of US$0.85 per pound, a zinc price of US$0.40 per pound, a silver price of US$5.00 per ounce, a gold price of US$300 per ounce and a currency exchange rate of Cdn. $1.51 = US$1.00 in 2003 and Cdn.$1.54 = US$1.00 thereafter. The cutoff NSR is Cdn.$38.00 per tonne.

Under the terms of the acquisition of Noranda's interest, Novicourt has paid for certain of Noranda's earlier expenditures and has committed to spend a minimum of $1 million per year for three years on exploration starting in 2002. Novicourt has spent $1.6 million net of tax credits on this program in 2002, including the four additional survey areas but excluding the acquisition amount.

MegaTEM II technology was recently developed by Noranda in conjunction with Fugro Airways, a company experienced in airborne geophysical surveying. It permits the detection of polymetallic deposits up to a depth, depending on the size, of approximately 250 metres, which is deeper than the penetration by earlier methods used over large prospective areas of northern Quebec. Although not as deep as the seismic method already applied at Louvicourt, it is not as costly and can be applied to a much larger area. MegaTEM II has been credited with the discovery by Noranda of the Perseverance deposit near Matagami. Although no economic mineralization has been found so far by the Novicourt/Virginia Gold Mines alliance, results to date have shown that it is definitely effective in locating sulphide mineralization as distinct from other geophysical anomalies.

> NOVICOURT'S SHARE OF LOUVICOURT PRODUCTION	**2002**	2001	2000	1999	1998
100% basis					
Tonnes milled (thousands)	**1,485**	1,571	1,586	1,612	1,601
Tonnes per calendar day	**4,069**	4,304	4,333	4,417	4,387
Grade (% copper)	**3.13**	3.40	3.31	4.16	3.60
Grade (% zinc)	**1.61**	1.38	1.41	1.35	1.44
Novicourt's Payable share of production					
Copper (million pounds)	**43.1**	49.5	48.7	62.3	53.5
Zinc (million pounds)	**16.9**	15.1	15.4	14.3	15.7
Gold (000 ounces)	**11.3**	13.5	12.7	15.2	12.7
Silver (000 ounces)	**268**	318	313	381	315

> LOUVICOURT MINERAL RESERVES at December 31, 2002 and 2001

The accompanying table details the Louvicourt mineral reserves at the end of 2002 and provides a comparison with 2001. The reduction in total proven and probable reserves is related to the extraction of 1,485,051 tonnes during the year, offset by a small addition resulting from revisions and refinements of the block model based on the most recent geological interpretation and mine production experience.

	Tonnes	Grade			
2002	(000s)	Copper %	Zinc %	Gold gr/mt	Silver gr/mt
Proven	**2,600**	**3.00**	**1.87**	**0.81**	**25.2**
Probable	**29**	**0.14**	**7.15**	**0.82**	**38.6**
Total	**2,629**	**2.97**	**1.94**	**0.81**	**25.4**
2001					
Proven	3,969	3.09	1.91	0.86	27.8
Probable	102	1.88	3.18	0.55	36.0
Total	4,071	3.06	1.94	0.85	28.0

> LOUVICOURT MINERAL RESERVES RECONCILIATION (000 tonnes)	Proven	Probable	Total
Opening January 1, 2002	3,969	102	4,071
Production	(1,485)	0	(1,485)
Additions, net	116	(73)	43
Closing December 31, 2002	2,600	29	2,629

Management's Discussion and Analysis provides a review of the performance of Novicourt and its joint ventures. Performance in 2002 is compared to 2001 and issues and risks that can be expected to impact on future operations are discussed. These issues and risks may cause actual results to differ materially from those described in forward-looking statements in the Management's Discussion and Analysis.

FINANCIAL RESULTS

In 2002, Novicourt had net earnings of $2.5 million or $0.06 per share, down from earnings of $3.9 million or $0.10 per share in 2001, mainly due to reduced ore production and lower copper grades. The price of copper remained depressed at US$0.71 per pound ($0.72 in 2001) as the anticipated U.S. economic recovery failed to materialize. A drop in the average zinc price from US$0.40 in 2001 to US$0.35 per pound in 2002 was offset by higher zinc head grades. Cash flow before changes in operating working capital amounted to $12.1 million compared to $14.5 million in 2001. Cash on hand increased to $51.0 million at December 31, 2002 from $48.8 million at the end of 2001.

Revenues

Novicourt's revenues are derived from the sale of its 45% share of copper and zinc concentrates produced by the Louvicourt Mine. These concentrates are sold to Noranda Inc. under agreements based on the terms negotiated by the other two joint venture partners, Aur Resources Inc. and Teck Cominco Limited. Gross revenues from the sale of copper and zinc concentrates totaled $67.3 million in 2002, down $5.1 million from $72.4 million in 2001. This decrease was partially offset by a $3.2 million reduction in smelting, refining and transportation charges.

In 2002, the Company's share of copper contained in copper concentrates amounted to 43.1 million pounds, down 13% from 49.5 million pounds in the previous year as a result of the decreased ore production and lower copper grades. On the other hand, even though ore production was reduced in 2002, this ore had higher zinc grades with the result that Novicourt's accountable zinc actually increased to 16.9 million pounds in 2002 from 15.1 million pounds in 2001.

Novicourt's financial performance is very sensitive to the market price of copper. In 2002, copper accounted for 74% of net revenues compared to 76% in 2001. After bottoming at a 14-year low of US$0.60 per pound in November 2001 the copper price recovered to an average of US$0.71 per pound in the first quarter of 2002 and then rose further by mid-year when it appeared that the anticipated economic recovery in North America was finally underway. However, this relief was short-lived as demand decreased during the slower summer season, inventories increased and the price dropped back to $0.69 per pound in the third quarter, ending the year at US$0.70 per pound. The overall average for 2002 was US$0.71, just below the US$0.72 recorded in 2001.

As a new year starts there are some positive signs for the future of most base metal markets. Although demand from Europe and Japan remains uncertain, there is very strong demand for copper from China; new supply is limited and inventories have already started on their way down in the fourth quarter of 2002. Another positive sign is the renewed interest being shown by the investment funds, a factor that has been missing from the markets for some time. On the other hand, the war in Iraq, widespread terrorist threats and unrest in other parts of the world present a risk that economic growth may continue to disappoint.

Zinc contributed 15% to Novicourt's net revenues in 2002, versus 13% in 2001. Reflecting weak demand and oversupply, the 2002 price averaged only US$0.35 per pound, compared to $0.40 in 2001 and $0.51 in 2000. However, at the start of 2003, the outlook for zinc has improved somewhat as production curtailments in Europe have created tight market conditions there and exports from China are expected to moderate in the face of strong domestic demand.

Gold accounted for 8% of net revenues in 2002, the same as in 2001. Although the price increased towards the end of the year, this was offset by the lower overall production and grade. The number of accountable gold ounces contained in Novicourt's share of copper concentrate dropped from 13,538 in 2001 to 11,307 ounces in 2002. The silver content also decreased from 318,000 ounces in 2001 to 268,000 in 2002. Silver contributed 3% to net revenues in 2002, the same as in 2001.

Expenses

Novicourt's share of the Louvicourt Mine's total production expenses decreased from $27.8 million in 2001 to $27.1 million in 2002 largely due to the reduced amount of ore produced. However, the direct operating cost per tonne milled increased from $38.60 to $39.99 as the result of the extra rehabilitation work required underground. The cash operating cost per

pound copper remained the same at US$0.47 due to the higher zinc credit. Overall efficiency increased slightly to 21.9 tonnes per man-shift compared to 21.7 the previous year.

Depreciation and amortization expenses were down by $0.5 million in 2002 because they are calculated on a per tonne milled basis. Exploration expenses increased by $0.8 million due to the added costs of the MegaTEM II surveys and the start of the subsequent ground follow-up work. Administration expenses increased from $0.7 million in 2001 to $0.9 million in 2002. The provision for site closure and reclamation also increased from $1.0 million to $1.2 million.

Interest Income

Net interest income declined by $0.7 million in 2002 due to lower interest rates.

CASH FLOW AND LIQUIDITY

Cash flow from operations before changes in operating working capital in 2002 decreased to $12.1 million from $14.5 million in 2001, due mostly to the lower mine production and lower copper grade. Cash on hand and cash equivalents at December 31, 2002 amounted to $51.0 million compared to $48.8 million at the end of 2001.

The Company remained free of debt in both 2002 and 2001. With the approaching end of the life of the Louvicourt Mine there was no need for expenditure on new capital equipment in 2002. Noranda's interest in the strategic exploration alliance with Virginia Gold Mines was acquired with a cash payment of $0.9 million.

Semi-annual dividends of $0.10 per share were paid in June and November, requiring the cash outlay of $8.0 million as compared to $12.1 million in 2001 when a special dividend of $0.10 was also paid.

Novicourt has invested its cash balances together with other Noranda associated companies in a short-term investment pool with interest rates which reflect current market conditions.

RISKS AND UNCERTAINTIES

Commodity Price and Currency Risk

Novicourt's revenues are derived from the sale of its 45% share of copper and zinc concentrates produced by the Louvicourt Mine. The markets for copper and zinc are highly competitive and cyclical. Prices for these commodities tend to fluctuate and are affected by numerous factors beyond the control of the Company, including the general level of economic activity in the industrialized world, expectations for inflation, speculative activities, fluctuations in currency exchange rates, global and regional demand and production, political and economic conditions and production costs in major producing regions. All of these factors can have a significant influence on selling prices and thus Novicourt's results and operations.

The impact on Novicourt of a US$0.10 change in the price of copper in 2003, would be approximately $3.4 million on after-tax annualized earnings and $3.4 million on annualized cash-flow. The impact on Novicourt of a US$0.05 change in the price of zinc in 2003, would be approximately $0.7 million on after-tax annualized earnings and $0.7 million on annualized cash-flow.

All of the Company's shares of concentrates produced by the Louvicourt Mine are sold at prices denominated in U.S. currency. Fluctuations in the value of the Canadian dollar relative to the U.S. dollar may have a significant effect on the Company's revenues and earnings. In the past, the Company has hedged this risk. In 2002, there was no currency hedge in place. This situation is reviewed periodically by management with the Board and action is taken accordingly. Each $0.01 Canadian change in the average annual Canada/U.S. exchange

> QUARTERLY EARNINGS TABLE ($000s, except per share amounts)

2002	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
Net sales	**11,703**	**9,999**	**11,254**	**11,474**	**44,430**
Net income (loss)	**1,194**	**(130)**	**379**	**1,086**	**2,529**
Basic and diluted earnings per share	**0.03**	**—**	**0.01**	**0.02**	**0.06**
2001	Q1	Q2	Q3	Q4	Total
Net sales	12,527	9,837	12,340	11,623	46,327
Net income (loss)	1,839	161	1,346	559	3,905
Basic and diluted earnings per share	0.05	—	0.03	0.02	0.10

rate impacts Novicourt's annualized after-tax earnings in 2003, by approximately $0.2 million and annualized cash flow by $0.2 million.

Reserves and Mine Production Plan

At the beginning of 2002, proven and probable reserves totaled 4.1 million tonnes. After mining 1.5 million tonnes in 2002, the remaining reserves amounted to 2.6 million tonnes at year-end. Based on those reserves the Louvicourt Mine will reach the end of its relatively short life in just over two years time. Current mine planning is based on minimizing unit costs by an orderly reduction of manpower through the rest of the mine life. This will be achieved by operating the concentrator at 3,800 tonnes per day over seven days per week for the first five months of this year. Throughput will then be reduced to an average of 3,000 tonnes per calendar day by operating the concentrator at 4,200 tonnes per day for only five days per week for the rest of the year, producing a total of 1.2 million tonnes in 2003. The plan for 2004 is to produce 1.1 million tonnes at the rate of 3,000 tonnes per calendar day. Providing that metal prices do not fall further and successful mining continues, the remainder of the reserves will be extracted in the first six months of 2005. Louvicourt's mineral reserves are detailed on page 6.

Other Risks

Mining operations may be subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties, production facilities, personal injuries, environmental damage, delays or interruption of production, increases in production costs, monetary losses, legal liability and adverse government action.

The Company maintains insurance against risks that are typical in the mining industry and in amounts believed to be reasonable in connection with its interest in the Louvicourt Mine and other properties. However, insurance against certain risks, including certain liabilities for environmental pollution, may not be available to the Company or to other companies within the industry.

The activities of the Louvicourt Mine and those of the Company are subject to extensive laws and regulations controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon the environment. Permits from regulatory authorities are required for many aspects of mine operations and reclamation. Future legislation and regulations could cause additional expenses, capital expenditures and restrictions in the operation of the Louvicourt Mine, the extent of which cannot be predicted. In the context of environmental permitting, including the approval of reclamation plans, the Company must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority.

DIVIDEND POLICY

Novicourt has a dividend policy whereby it will declare and pay semi-annual dividends of $0.10 per common share in May and November of each year as long as sufficient free cash flow is generated by the Company to sustain such dividend levels. After the end of each year, under the policy, the Board of Directors may also consider the declaration and payment of a special dividend. The declaration, payment and amount of such special dividend are at the discretion of the Board of Directors. In 2002, the Company paid the two semi-annual dividends of $0.10 per common share and no special dividend.

OUTLOOK

Novicourt currently expects that the operating performance of the Louvicourt Mine will continue to generate sufficient cash flows to finance the Company's operations for the balance of the mine life and the Company's share of closure requirements under the Louvicourt restoration plan. These cash flows are also currently expected to be sufficient to conduct any new exploration effort in the vicinity of the mine and to finance the first stage of the Company's exploration commitments arising from the acquisition of Noranda's interest in its strategic alliance with Virginia Gold Mines Inc.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements and other financial information have been prepared by the management of the Company which is responsible for their integrity and objectivity. To fulfill this responsibility, the Company maintains appropriate policies, procedures and systems of internal control to ensure that its reporting practices and accounting and administrative procedures are of high quality, consistent with reasonable costs, and provide reasonable assurance that relevant and reliable financial information is produced.

These financial statements have been prepared in conformity with generally accepted accounting principles and, where appropriate, reflect estimates based on management's judgment. The financial information presented throughout this annual report is consistent with the information contained in the financial statements.

Ernst & Young LLP, the independent auditors appointed by the shareholders, have reviewed the systems of internal control and audited the financial statements in accordance with generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report as auditors is set out below.

The financial statements have further been examined by the Board of Directors and by its Audit Committee which meets regularly with the auditors and management to review the activities of each. The Audit Committee reports to the Board of Directors. The auditors have direct and full access to the Audit Committee and meet with the Committee both with and without the presence of management. The Board of Directors, through its Audit Committee, oversees management's financial reporting responsibilities and is responsible for reviewing and approving the financial statements.

Lance Tigert

Lance Tigert
Vice President, Finance

Toronto, Canada
February 25, 2003

AUDITORS' REPORT

TO THE SHAREHOLDERS OF NOVICOURT INC.

We have audited the balance sheets of Novicourt Inc. as at December 31, 2002 and 2001 and the statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Chartered Accountants

Toronto, Canada
January 17, 2003

FINANCIAL STATEMENTS

BALANCE SHEETS

As at December 31 (incorporated under the laws of Quebec)

($ in thousands)		**2002**		2001
Assets				
Current:				
Cash and cash equivalents (note 4(a))	**$**	**50,975**	$	48,803
Accounts and settlements receivable				
Due from Noranda (note 4(b))	**$**	**16,217**	$	15,433
Other trade		**330**		315
Taxes receivable		**486**		—
Inventories of mineral products		**325**		501
Materials, supplies and prepaid expenses	**$**	**1,400**	$	1,657
	$	**69,733**	$	66,709
Capital assets (note 2)	**$**	**21,127**	$	33,579
	$	**90,860**	$	100,288
Liabilities and Shareholders' Equity				
Current:				
Accounts payable and accrued liabilities	**$**	**4,622**	$	4,807
Accounts payable to Noranda (note 4(c))		**136**		—
Taxes payable		**—**		613
	$	**4,758**	$	5,420
Provision for site closure and reclamation	**$**	**6,304**	$	5,143
Future tax liability (note 5)	**$**	**1,663**	$	5,604
Shareholders' equity (note 3)	**$**	**78,135**	$	84,121
	$	**90,860**	$	100,288

(See accompanying notes)

On behalf of the Board

John C. White
Director

Guy Lord
Director

FINANCIAL STATEMENTS

STATEMENTS OF EARNINGS

For the years ended December 31

($ in thousands except per share data)	2002	2001
Revenues		
Sales of concentrates (note 4(b))	$ 67,273	$ 72,357
Less: Treatment charges (note 4(b))	(22,843)	(26,030)
	44,430	46,327
Expenses		
Production	27,091	27,846
Depreciation and amortization	12,390	12,873
Exploration	1,864	1,100
Administration	917	748
Provision for site closure and reclamation	1,161	977
	43,423	43,544
Operating income	1,007	2,783
Interest income, net (note 4(a))	1,332	2,029
Earnings before taxes	2,339	4,812
Income and production taxes (recoveries) (note 5)	(190)	907
Net earnings	$ 2,529	$ 3,905
Basic and diluted earnings per share	$ 0.06	$ 0.10
Basic and diluted weighted average number of shares	40,246,342	40,246,342

STATEMENTS OF RETAINED EARNINGS

For the years ended December 31

($ in thousands)	2002	2001
Balance, beginning of year	$ 19,226	$ 27,395
Adjustments (note 4(e))	(466)	—
Net earnings	2,529	3,905
Dividends on common shares	(8,049)	(12,074)
Balance, end of year	$ 13,240	$ 19,226

(See accompanying notes)

FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS

For the years ended December 31

($ in thousands)	2002	2001
Cash from operations:		
Net earnings	$ 2,529	$ 3,905
Add (deduct) non-cash items		
Depreciation and amortization	12,390	12,873
Future taxes	(3,941)	(3,271)
Provision for site closure and reclamation	1,161	977
(Gain) loss on disposal of capital assets	(26)	7
Cash from operations before changes in operating working capital	12,113	14,491
Changes in operating working capital	(1,081)	3,420
Cash flow before investing and financing activities	11,032	17,911
Cash provided by (used for) investing activities:		
Acquisition of strategic alliance (note 4(e))	(870)	—
Proceeds from (additions to) capital assets, net	59	(838)
Cash flow before financing activities	10,221	17,073
Cash used for financing activities:		
Dividends on common shares	(8,049)	(12,074)
Net increase in cash	2,172	4,999
Cash and cash equivalents at beginning of year	48,803	43,804
Cash and cash equivalents at end of year	$ 50,975	$ 48,803
Supplemental Cash Flow Information:		
Cash taxes paid	4,487	4,587

(See accompanying notes)

NOTES TO FINANCIAL STATEMENTS

(All dollar amounts in thousands unless otherwise indicated)

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in Canada. Significant accounting policies are as follows:

(a) Investment in Louvicourt and Louvaur Joint Ventures – The Company's 45% interest in the Louvicourt and Louvaur Joint Ventures is proportionately consolidated in these financial statements. Accordingly, the Company's pro rata share of the assets, liabilities and expenses of the Louvicourt and Louvaur Joint Ventures is consolidated with those of the Company's in these financial statements.

(b) Revenue Recognition – The Company recognizes revenue at the time of sale, when the rights and obligations of ownership pass to the buyer. Final prices for revenues are determined up to three months after shipment and the effect of any changes are recorded in the period in which the price change occurs. Price changes for shipments which at year-end are awaiting final pricing could have a material effect on future revenues.

(c) Capital assets – Major development and construction in progress costs incurred to bring the mining property into production were capitalized until commercial production was achieved. Substantially all of the capitalized costs are amortized or depreciated using the units-of-production method. Exploration expenses are charged against current earnings unless they relate to properties from which a productive result is reasonably certain.

(d) Inventory – The Company has a 45% share of the inventory maintained at the Louvicourt Mine. Inventories of mineral products are recorded at the lower of average cost and net realizable value. Materials and supplies are recorded at the lower of average cost and replacement cost.

(e) Site closure and reclamation costs – Provisions are made for site closure and reclamation costs of the Louvicourt Mine using the units-of-production method by charges to earnings over the expected life of operations. Estimates of site closure and reclamation costs may change in the future. Any changes to the estimates will be reflected in income over the remaining reserve life when the change occurs.

(f) Income taxes – Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are more likely than not to be realized, and are measured using the tax rates and laws that will be in effect when the differences are expected to reverse or the losses to be realized.

(g) Forwards and option contracts – The Company periodically uses forward foreign exchange contracts to hedge the effect of changes in exchange rates on the sale of metals concentrates, and forward options and option contracts to hedge the effect of price changes on a portion of the metals in concentrates it sells. Gains and losses on these contracts are reported as a component of the related transactions. The Company did not use any of these types of contracts during the years ended December 31, 2002 and 2001.

(h) Cash & cash equivalents – Cash and cash equivalents include cash on account, demand deposits and short-term investments with original maturities of three months or less and are stated at cost, which approximates market value.

2. CAPITAL ASSETS

	2002	2001
Property, plant and equipment, at cost	**$ 74,022**	$ 74,227
Accumulated depreciation	**(61,350)**	(54,251)
	12,672	19,976
Deferred development, at cost	**59,021**	59,021
Accumulated amortization	**(50.566)**	(45,418)
	8,455	13,603
Deferred exploration, at cost	**3,505**	3,505
Accumulated amortization	**(3,505)**	(3,505)
	—	—
	$ 21,127	$ 33,579

3. SHAREHOLDERS' EQUITY

Capital Stock

Authorized:

Preferred shares, an unlimited number issuable in series.

Common shares, an unlimited number.

	2002	2001
Issued:		
Common shares	**$ 61,780**	$ 61,780
Contributed surplus	**3,115**	3,115
	$ 64,895	$ 64,895
Retained earnings	**13,240**	19,226
	$ 78,135	$ 84,121

At January 1, 2002, the Company had 40,246,342 common shares issued and outstanding. In each of the years ended December 31, 2002 and 2001, there were no changes to the number of outstanding common shares.

At December 31, 2002, there were no outstanding options.

4. RELATED PARTY TRANSACTIONS

(a) In 2002 the Company participated in a short-term investment pool with Noranda and associated companies. (Noranda is the majority shareholder of Novicourt Inc.) The pool is operated to provide participating companies with the opportunity to invest or borrow funds on a short-term demand basis. Interest charges and credits are at market rates, based on the rates for Bankers' Acceptance and Commercial Paper published by the Bank of Canada. On December 31, 2002, cash and short-term deposits of $50,975 included $50,004 on deposit with this pool. Net interest credits on amounts in the pool in 2002 amounted to $1,285. On December 31, 2001, cash and short-term deposits of $48,803 included $48,010 on deposit with this pool. Net interest credits on amounts in the pool amounted to $1,938 in 2001.

(b) Transactions with Noranda related to the sale of mineral products were effected at rates set out in various contractual agreements between the parties, such agreements being similar to those commonly used in the industry.

(c) Charges for management, technical data processing and research services were at rates which approximated the actual cost of providing the services. The amounts incurred in 2002 and 2001 were $290 and $390, respectively. The Louvicourt Joint Venture also incurs expenses for technical and research services payable to Noranda Inc. The Company's proportionate share of these expenses was $297 in 2002 and $397 in 2001.

(d) In 2002, the Company entered into an agreement with Noranda pursuant to which Noranda transferred part of its liability for Part VI.I tax under the *Income Tax Act (Canada)* for its December 31, 2001 taxation year to the Company for consideration of $25. As a result of assuming Part VI.I tax of $2,566 the Company became entitled to an additional tax deduction equal to 9/4th of the amount of Part VI.I tax paid for its tax year ended December 31, 2001. This tax deduction reduced federal Part I tax and Quebec provincial income tax payable by the Company. Noranda reimbursed the Company for the amount of Part VI.I tax paid in excess of the federal and provincial income tax reductions realized by the Company as a result of claiming the additional 9/4th tax deduction.

In 2001, the Company entered into an agreement with Noranda, the terms of which are similar to the agreement above, whereby Noranda transferred $1,060 of its Part VI.I. tax liability for its tax year ended December 31, 2000 to the Company for consideration of $25.

(e) On December 13, 2001, the Company reached an agreement (the "Agreement") in principle with Noranda Inc. ("Noranda") to acquire Noranda's 55% interest in a strategic alliance with Virginia Gold Mines Inc.

During the second quarter of 2002, the Company made a payment to Noranda to complete the acquisition of Noranda's interest in the strategic alliance. The value of the acquired interest was recorded at Noranda's historical carrying amount of nil and thus resulted in a charge to retained earnings. The charge of $466 represents the payment of $870 net of income taxes recoverable of $404.

5. INCOME AND PRODUCTION TAXES

The components of income and production taxes are as follows:

	2002	2001
Current		
Federal and provincial income taxes	**$ 2,364**	$ 2,172
Production taxes	**1,387**	2,006
	3,751	4,178
Future		
Federal and provincial income taxes	**(2,580)**	(1,970)
Production taxes	**(1,361)**	(1,301)
	(3,941)	(3,271)
	$ (190)	$ 907

The components of future income liability are as follows:

	2002	2001
Property plant and equipment	**$ 1,721**	$ 3,440
Deferred development	**2,450**	4,232
Site closure and reclamation provisions	**(2,427)**	(1,981)
Other	**(81)**	(87)
	$ 1,663	$ 5,604

The variance between the income taxes computed at the combined statutory rate and the effective rate for the Company is reconciled as follows:

	2002	2001
Income taxes based on combined		
Federal and Quebec rate of 38%	**$ 892**	$ 1,829
Quebec mining tax at a rate of 12%	**281**	577
Increase (Decrease) in taxes		
resulting from:		
Resource allowance	**(1,268)**	(1,222)
Mining exploration depletion base	**(568)**	(820)
Processing allowance	**(174)**	(202)
Other	**647**	745
	$ (190)	$ 907

6. COMMITMENTS

(a) The Company has entered into agreements to sell its 45% interest of copper and zinc concentrates from the Louvicourt Property to Noranda at normal trade terms and prices.

(b) Under the terms of the Agreement with Noranda, Novicourt has committed to fund 55% of the ongoing costs including but not limited to, exploration, acquisition, and other costs totalling not less than $3,000 at a minimum level of $1,000 per year for each of the 2002, 2003 and 2004 calendar years. As of December 31, 2002, Novicourt had spent $1.6 million net of tax credits on the program, including four additional survey areas. Failure by Novicourt to provide such funding as described would result in Novicourt forfeiting its interest and the reversion of the Interest to Noranda.

CORPORATE INFORMATION

Directors
Jean Depatie * +
Michael J. Knuckey
Guy Lord * +
Martin Schady
Lance S. Tigert *
John C. White

**Audit Committee*
+Corporate Governance Committee

Officers
John C. White, President
Lance S. Tigert, Vice President, Finance
Douglas McLarty, Secretary
Michael Boone, Controller

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Shareholder Enquiries:
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Exchange Listing
The Toronto Stock Exchange
Symbol: NOV

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Additional copies of this report may be obtained upon request to the executive office at the address listed here.

The annual meeting of Novicourt will be held on Thursday, May 22, 2003, 2:30 p.m. at the Ritz-Carlton Montreal, Salon Vice-Royal, 1228 rue Sherbrooke Ouest Montreal, Quebec

Version française
On peut se procurer la version française du présent rapport en en faisant la demande à l'adresse mentionnée ci-haut.

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